

HENKELMAN, KREDER, O'CONNELL & BROOKS
ATTORNEYS AT LAW

WILLARD M. HENKELMAN
JOSEPH C. KREDER
JAMES EDSON O'CONNELL
CODY H. BROOKS
ANDREW HAILSTONE
CHESTER T. HARHUT
LAWRENCE M. LUDWIG
LUCILLE MARSH
MICHAEL J. DONOHUE

DAVID K. BROWN
J. FREDERICK ROHRBECK
GREGORY BROOKE O'CONNELL
STEPHEN W. SAUNDERS

SCRANTON, PENNSYLVANIA 18501
P. O. BOX 956
200 BANK TOWERS
SPRUCE STREET AND WYOMING AVENUE
—
AREA CODE 717 346-7922
TELECOPIER 717 346-3715

EDWARD N. WILLARD	1857-1882
WILLARD & WARREN	1882-1892
WILLARD, WARREN & KNAPP	1892-1912
WARREN, KNAPP & O'MALLEY	1912-1914
WARREN, KNAPP O'MALLEY & HILL	1914-1917
KNAPP, O'MALLEY, HILL & HARRIS	1917-1932
O'MALLEY, HILL, HARRIS & HARRIS	1932-1945
O'MALLEY, HARRIS, HARRIS & WARREN	1945-1952
HARRIS, WARREN, HILL & HENKELMAN	1952-1955
WARREN, HILL, HENKELMAN & McMENAMIN	1955-1974
HENKELMAN, McMENAMIN, KREDER & O'CONNELL	1974-1979

RECORDATION NO. *1 5157* Filed & Recorded

JAN 21 1987 11-40 AM January 15, 1987

Secretary INTERSTATE COMMERCE COMMISSION
Interstate Commerce Commission
ICC Building
Room 2115
Washington, D.C. 20423

7-021A045

Re: Security Agreement (Equipment)

Re: JAN 21 1987
Date

NEB of Pennsylvania, secured party \$
and Steamtown Foundation for the
Preservation of Steam and Railroad ICC Washington, D.C.
Americana, Inc., debtor

JAN 21 11 22 AM '87
MOTOR OPERATING UNIT
ICC OFFICE OF
THE SECRETARY

Gentlemen:

Enclosed are two fully executed and acknowledged counterparts of a Security Agreement dated December 22, 1986 between Northeastern Bank of Pennsylvania, as secured party, and Steamtown Foundation for the Preservation of Steam and Railroad Americana, Inc., as debtor, covering the rolling stock and other assets therein identified. Please record the foregoing "primary document" pursuant to Section 11303 of Title 49 of the U.S. Code. Our check in the amount of \$10.00, payable to the "Interstate Commerce Commission" is enclosed. Please return one counterpart to our office in the enclosed, postage paid envelope, with evidence of filing duly endorsed thereon.

A short summary of the document to appear in the index is as follows:

- (a) Type: Security Agreement;
- (b) Secured Party: Northeastern Bank of Pennsylvania, a Pennsylvania banking corporation with offices at Penn Avenue and Spruce Street, Scranton, PA 18503;
- (c) Debtor: Steamtown Foundation for the Preservation of Steam and Railroad Americana, Inc., a non-profit educational foundation with an office at 700 Lackawanna Avenue, Scranton, Pennsylvania;

Interstate Commerce Commission

Page 2

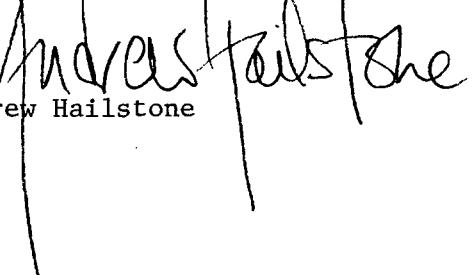
January 15, 1987

(d) Date: December 22, 1986;

(e) Subject: Rolling stock, machinery and equipment, memorabilia, furniture, fixtures and tools therein described.

Very truly yours,

HENKELMAN, KREDER, O'CONNELL & BROOKS


Andrew Hailstone

AH/mmc

Enclosures

Interstate Commerce Commission
Washington, D.C. 20423

1/21/87

OFFICE OF THE SECRETARY

André Haudtman
Hershelman, Peden, O'Connell & Brooks
P.O. Box 956
Scranton, PA. 18501

Dear Sir:

The enclosed document(s) was recorded pursuant to the provisions of Section 11303 of the Interstate Commerce Act, 49 U.S.C. 11303, on 1/21/87 at 11:40 AM, and assigned re-recording number(s). 15157

Sincerely yours,

Norita R. McGee
Secretary

Enclosure(s)

SE-30
(7/79)

1 5157
RECORDATION NO. _____ Filed & Recorded

SECOND EQUIPMENT SECURITY AGREEMENT

JAN 21 1987 11- 40 AM

INTERSTATE COMMERCE COMMISSION

BETWEEN STEAMTOWN FOUNDATION FOR THE PRESERVATION OF STEAM AND RAILROAD AMERICANA, a non-profit educational foundation with its principal offices at 700 Lackawanna Avenue, Scranton, Pennsylvania 18503 ("Steamtown"), and NORTHEASTERN BANK OF PENNSYLVANIA, a Pennsylvania banking corporation with offices at Penn Avenue and Spruce Street, Scranton, Pennsylvania, 18503 (the "Bank"), entered into this 22nd day of December, 1986.

WITNESSETH:

On May 13, 1983, METRO-ACTION, INC. ("Metro-Action") and Steamtown entered into an agreement with the City of Scranton, Pennsylvania (the "City") which provided for the relocation of the entire Steamtown exhibition of rolling stock, machinery, equipment and memorabilia and other assets from Bellows Falls, Vermont, to Scranton, Pennsylvania (the "Relocation Agreement"). The relocation has now been completed and the City has certified to such completion.

The Bank has agreed to advance an amount not to exceed \$600,000.00 (the "Term Loan") to Steamtown, pursuant to the terms of a Loan Agreement of even date herewith between Steamtown and the Bank (the "Term Loan Agreement"). The Term Loan shall be secured, inter alia, by perfected security interests in all of Steamtown's rolling stock, machinery and equipment, memorabilia, furniture and fixtures, tools, accounts receivable, contract rights and general intangibles.

NOW THEREFORE, in order to confirm their understandings and intending to be legally bound hereby, the parties agree as follows:

1. Assignment and Security Interest. As security for the repayment of the Term Loan and interest thereon, Steamtown grants to the Bank a security

interest in and to all of its Rolling Stock (as specifically described in Exhibit A, hereto), machinery and equipment, memorabilia, furniture and fixtures, tools, accounts receivable, contract rights, general intangibles, whether now owned or hereafter acquired, all replacements and substitutions, the proceeds thereof and the records and evidence of title therefore (the "Collateral") to be perfected in accordance with applicable law, and to continue so long as the Term Loan is outstanding.

2. Covenants. Steamtown hereby represents, warrants and covenants as follows:

(a) The Collateral will be kept in Lackawanna County, Pennsylvania and Steamtown will not remove the Collateral therefrom without the prior written consent of the Bank;

(b) Steamtown will not use the Collateral in violation of any statute or ordinance, or the provisions of any lease, mortgage or other agreement binding upon Steamtown with respect to any portion of the Collateral, and will keep the Collateral at all times in good condition and working order, ordinary wear and tear excepted, and make all necessary repairs to and replacements of the Collateral;

(c) Steamtown will not sell, assign, transfer or otherwise dispose of any of the Collateral, or any interest therein, either voluntarily or by operation of law; without the prior written consent of the Bank;

(d) Steamtown shall at all reasonable times and from time to time allow the Bank and its authorized representatives to examine or inspect the Collateral;

(e) Steamtown shall maintain insurance with respect to all of the Collateral against risks of fire (including so-called extended coverage), theft, and such other risks as the Bank may reasonably require, in such form, in such amount, for such period and written by such companies as shall be satisfactory to the Bank, such insurance to be payable first to the Bank as its interest may appear and then to Steamtown. All such policies of insurance shall name the Bank as a loss payee under a Standard Lender's Loss Payable Clause, shall provide for a minimum of ten (10) days prior written cancellation notice to the Bank, and, at the Bank's request, shall be delivered to and held by the Bank. If Steamtown fails to provide insurance as herein provided, the Bank may, at its option, obtain such insurance, and Steamtown shall pay to the Bank, on demand, the cost thereof, all such payments by the Bank to be deemed hereby secured. Proceeds of insurance may be applied by the Bank to the replacement of the Collateral, so long as Steamtown is not in default, or to the reduction of the Obligations, at the Bank's option.

(f) Steamtown will join with the Bank in executing financing statements pursuant to applicable provisions of the Uniform Commercial Code and any forms necessary for perfection of this lien with the Interstate Commerce Commission or with any other jurisdiction in form satisfactory to the Bank, and pay the costs of all required filings.

5. Default and Remedies. Upon the occurrence of a default under the Term Loan Agreement or this Security Agreement, the Bank shall be entitled to exercise, with respect to the Collateral, all rights of a secured creditor under the provisions of the Pennsylvania Uniform Commercial Code.

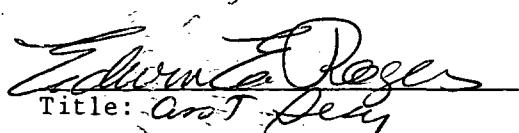
6. Binding Effect. This Agreement shall inure to the benefit of and be binding upon the successors and assigns of the parties.

7. Interpretation. This Agreement shall be deemed a contract under the laws of the Commonwealth of Pennsylvania, and construed in accordance with said laws.

8. Notices. Notices required to be given hereunder shall be in writing and given as provided in the Term Loan Agreement.

IN WITNESS WHEREOF, the Parties have executed this Agreement the day and year first above written, intending to be legally bound.

ATTEST:


Title: President

(Corporate Seal)

STEAMTOWN FOUNDATION FOR THE PRESERVATION
OF STEAM AND RAILROAD AMERICANA

By


Title: General Manager

ATTEST:


Title:

(Corporate Seal)

NORTHEASTERN BANK OF PENNSYLVANIA

By


Title: First Vice President

EXHIBIT A TO SECURITY AGREEMENT
BETWEEN NORTHEASTERN BANK OF PENNSYLVANIA AND
STEAMTOWN FOUNDATION FOR THE PRESERVATION OF STEAM AND RAILROAD AMERICANA

R.H. FOTTER ASSOCIATES, INC. RFD #2 FREEPORT MAINE 04922

STEAMTOWN FOUNDATION

SCRANTON, PA.

EQUIPMENT APPRAISAL

01/03/86

ROAD NUMBER TYPE VALUE TO OPERATE VALUE TO DISPLAY VALUE TO SCRAP

LOCOMOTIVES

NUTRPRK	43	0-4-0	30000	10000	2700	STAYBOLTS
B&M	3713	4-6-2	450000	30000	13500	AXLES, FIREROX, SYPHONS, JACKETS, TUBES
BELSIATI	336	0-4-2T	20000	12000	600	COMPLETE OLD IN COL. ??, FAIR
EPKS-SCM, N 1		2-6-2	100000	20000	3000	MORE OUT NDS FR BX
BAUMAN	126	0-4-0T	40000	5000	1200	FAIR AT CARBONDALE PA ON DISPLAY
BURLAPCO	2	0-4-0T	30000	5000	900	CRRN BR, SH UNITS
CN	47	4-6-4T	250000	35000	7500	STRIPPED SOME GOOD-FAIR
CN	1295	4-6-0	200000	30000	6000	COMPLETE
CNI	2377	2-8-2	300000	45000	9000	GOOD-COMPLETE, LOW MILES
CNI	529A	4-6-2	280000	30000	3400	STRIPPED
CP	1292	4-5-0	210000	35000	6300	MECH OK CAB STRPT
CP	1246	4-5-2	234100	100000	6500	IN SERVICE-FRA CAB CARD
CP	1278	4-6-2	224100	60000	2500	TUBES, FREOX, SH UNITS
CP	1293	4-5-2	284100	30000	6500	TUBES, MILS, SH UNITS
CP	2317	4-6-2	332000	110000	10100	IN SERVICE-FRA CAB CARD
CP	2215	4-6-4	350000	40000	16500	COMPLETE
CP	2323	4-4-4	300500	30000	9000	STRIPPED CAB, GRATES
D&W	44	4-5-0	140000	20000	4200	WREDOUT, NDS JKT-EX NKP '05 BKS
EG&F	4	0-5-0	130000	10000	5400	HULK
FPLS CRR	6315	0-6-2	30000	10000	2700	OPRNL

-2-

EXHIBIT A TO SECURITY AGREEMENT
BETWEEN NORTHEASTERN BANK OF PENNSYLVANIA AND
STEAMTOWN FOUNDATION FOR THE PRESERVATION OF STEAM AND RAILROAD AMERICANA

R.H.POTTER ASSOCIATES, INC. RFD #2 FREEPORT

STEAMTOWN FOUNDATION

SCRANTON, PA.

EQUIPMENT APPRAISAL

01/03/86

ROAD	NUMBER	TYPE	VALUE TO LIST OPERATE			REMARKS
			DISPLAY	SCRAP	TO	
LOCOMOTIVES						
GPVTH FPD 7		2-4-2T	120000	15000	30000	ENG TRKS ,SPRGS,BRASS,BCDY
GTHI 5239		4-3-2	400000	30000	12000	COMPLETE
IC 790		2-3-0	200000	35000	6000	COMPLETE FAIR
LEAVING 3		0-5-0T	22500	8000	2300	MSTLY COMPLETE
LBR 1923		2-8-0	120000	10000	3600	MORE OUT
LEMUR RP 53		0-6-2	120000	25000	3600	COMPLETE
MAESSELTC 1		0-4-0T	50000	7500	1500	LKS STEAM
MOLLY RV LP 1		2 TR. SHAY	100000	12000	3000	BOILER,GEARS,JOINTS
MEC 519		2-8-0	320000	40000	10100	FAIR ALL AROUND NT COMPLT
NESTL 212		2-6-0	120000	11000	3600	COMPLETE BAD AXLES, DRIVER HES
NH TRP PR 39		0-4-0T	34000	6000	2500	COMPLETE FAIR
PP 752		2-8-4	50000	52000	15000	TUBES,SH. UNITS,VALVES,PD BRSS
PCG 2124		4-2-4	450000	45000	12000	COMPLETE SOUND EXCPT BSTR
PLYR VLY 15		2-8-0	200000	40000	6000	TUBES,TRN TIRES
SIMONE 1		0-4-0T	50000	2500	1500	HULK
SIMONIS 2		2-6-0T	50000	5000	1800	HULK
SRTHI FPD 926		4-4-0	150000	40000	4800	TUBES,FPA OK, NDS WHEELS,JKT
UP 737		4-4-0	140000	20000	4200	MORE OUT OLDEST US ENG IN COL, '39, ONLY 44
UP 4912		4-2-8-4	85000	85000	26100	COMPLETE HUBLE
WHITCOMB GAS LOCO B			10000	1000	350	SHELL
WHITCOMB GAS LOCO B			2500	600	600	NDS CLUTCH

R.H.POTTER ASSOCIATES, INC. RFD #2 FREEPORT
STEAMTOWN FOUNDATION SCRANTON, PA.

MAINE 04032

EQUIPMENT APPRAISAL
01/03/86

SCRANTON, PA.

ROAD NUMBER	TYPE	LAST OPERATE	DISPLAY	SCRAP	REMARKS
		VALUE TO	VALUE TO	VALUE TO	

PASSENGER CARS

ROAD NUMBER	TYPE	LAST OPERATE	DISPLAY	SCRAP	REMARKS
B&M 84	DINER	110000	\$000	2700	NICE NDS 1 BODY PANEL
B&M 229	COMBINE	60000	2000	500	?
B&M 253	COMBINE	60000	8000	500	MOVIE CAR
B&M 930	MOTORCYC 1 PRIVATE	120000	8000	2700	STL OVR WD SIDES FALLING OFF
BRIT RY 6795	COACH	80000	4200	500	COMPLETE NEEDS WORK
CBA 1256	SLEEPER	60000	6000	500	FAIR EX EMPIRE BUILDER CHEYENNE RIVER
CBA 303	DENEHOTSONPLR OBS	60000	5000	2000	ROUNISH
CNJ 717	COMBINE	115000	4000	2700	TRK. DAMAGE NEEDS TRUCKS
CNJ 718	COACH	110000	6000	2700	IN USE
CNJ 719	COACH	110000	4000	2700	NEEDS WINDOS, INTER CLNG & TRKS
CNJ 1006	COACH	110000	6000	2700	IN USE
CNJ 1029	COACH	110000	5000	2700	NDS 3 STS WILS, INTERIOR LK
CNJ 1022	COACH	110000	6000	2700	IN USE
CNJ 1023	COACH	110000	6000	2700	IN USE
CNJ 1026	COACH	110000	5000	2700	IN USE
CNJ 1025	COACH	110000	6000	2700	IN USE
CNJ 1052	COACH	110000	6000	2700	IN USE
CNJ 1152	COACH	110000	6000	2700	IN USE
B&M 2058	COMBINE	70000	0000	2000	CARBODY EX OFFICE
CNJ 252	COACH	110000	4000	2000	?
DL&W 559	COACH	80000	6000	2000	IN USE
DL&W 580	COACH	80000	6000	2000	IN USE
DL&W 539	COACH	80000	5200	2000	IN USE
DL&W 613	COACH	90000	6000	2000	IN USE
EL 3	BUSINESS	150000	50000	4200	NICE SERVICABLE
EL 425	BAGGAGE	100000	5000	3000	COMPLETE, USED AS STATIONARY TOOL CAR
ERIE STWL 1	COACH	80000	0000	1800	TO BE SCRAPPED
ERIE STWL 2	COACH	90000	4000	1800	MECH & INSIDE FAIR, W SILLS SIDES PR
ERIE STWL 3	COACH	90000	4000	1800	MECH & INSIDE FAIR, W SILLS SIDES PR
ERIE STWL 4	COACH	80000	4000	1800	MECH & IN SIDE FAIR, W SILLS SIDES PR

P.H. SOUTHER ASSOCIATES INC. : RED. #2 EDITION

STEAMING POINTS FOR THE TETON MOUNTAINS

MAINE 94-2

EQUIPMENT EQUIPMENT

01/03/85

OPERATE DISPLAY SCRAP VALUE TO

PASSENGER CAPS

REF ID: A5

EXHIBIT A TO SECURITY AGREEMENT
NORTHEASTERN BANK OF PENNSYLVANIA AND
FOR THE PRESERVATION OF STEAM AND RAILROAD AMERICANA

-4-

TYPE	NUMBER	PASSENGER CARS			REMARKS
		NIGHT	OPERATE	DISPLAY	
RPO	1120	12000	5000	5000	ON DISPLAY
L1	7002	COACH	82000	5000	IN USE
L1	7016	COACH	60000	3000	RESTORABLE
L1	7018	COACH	60000	3000	RESTORABLE
L1	7021	COACH	60000	3000	RESTORABLE
L1	7025	COACH	60000	3000	SCRAP
L1	7045	COACH	60000	3000	RESTORABLE
L1	7021	COACH	60000	3000	SCRAP
L1	7022	COACH	60000	3000	RESTORABLE
L1	7239	COACH	50000	5000	IN USE GIFT SHOP
L1	7122	COACH	60000	5000	IN USE
L1	7123	COACH	60000	5000	IN USE
L1	7115	COACH	60000	5000	IN USE
L1	7127	COACH	50000	3000	IN USE
L1	7128	COACH	60000	3000	RESTORABLE
L1	7133	COACH	50000	5000	IN USE
L1	7136	COACH	60000	3000	RESTORABLE
L1	7393	COACH	60000	3000	SCRAP
L1	7294	COACH	60000	3000	SCRAP
L1	7399	COACH	60000	3000	IN USE
L1	7426	COACH	60000	5000	RESTORABLE
L1	7433	COACH	60000	3000	SCRAP
L1	7436	COACH	60000	3000	RESTORABLE
L1	7463	COACH	60000	3000	REPAIRED
L1	7472	COACH	60000	3000	PCDR NDS END SILL
L1	7433	COACH	60000	3000	NDS SIDE PANELS
QPLP	124	COACH	30000	1000	NDS SIDING
CPLP	102	COACH	30000	500	200
RUT	129	BAGGAGE	60000	1500	1000
PUT	251	COMBINE	60000	3000	1200
SJLC		COMBINE	40000	1000	500

STEAMTOWN FOUNDATION SCRANTON, PA.

EQUIPMENT APPRAISAL

01/03/86

RFD#	NUMBER	TYPE	LIST OPERATE	VALUE TO DISPLAY	VALUE TO SCRAP	PENMARKS
------	--------	------	--------------	------------------	----------------	----------

FREIGHT AND MISC. CARS	
------------------------	--

CP	AUX TDR	30000	4000	SOUND	2400
Train	AUX TER	30000	4000	SOUND	2400
LIE	CABOOSE	40000	3000	FAIR	1200
LIE	CABOOSE	40000	3000	FAIR	1200
LIE	CABOOSE	40000	3000	FAIR	1200
LIE	CABOOSE	40000	4000	NICE	1200
LIE	CABOOSE	40000	4000	GOOD	1000
RUT	CABOOSE	40000	4000	?	1000
RUT	CABOOSE	40000	4000	300	1000
FUT	CABOOSE	40000	6000	NICE CAMP	1000
C&C	CABOOSE	40000	1000	WOOD-PLBLT INT-FOR SALE	1000
C&C	CABOOSE	40000	1000	FAIR	1000
SJLC	CABOOSE	40000	500	FAIR	1000
VTR	CABOOSE	40000	2000	POOR	1000
RAM	W 3913	BOX CAR	40000	1000	FAIR
CY	4359	BOX CAR	40000	2000	NICE
EMRC	253	BOX CAR	50000	2000	GOOD
GMRC	262	BOX CAR	50000	2000	GOOD
GMRC	263	BOX CAR	50000	2000	GOOD
GMRC	265	BOX CAR	50000	2000	GOOD
GMRC	331	BOX CAR	50000	2000	GOOD
GMRC	501	BOX CAR	30000	500	NO TRKS FOR SALE?
FUT	8194	BOX CAR	40000	1000	300
RUT	?	BOX CAR	20000	100	NO TRKS
VTR	523	BOX CAR	50000	2000	1000
C&C	526	BOX CAR	50000	2000	1000
C&C	527	PLDM	50000	1000	1000
C&C	5	WRECKER	250000	10000	300
CNJ	3208	TOUR FLAT	50000	1000	7500
EP&L	LOADER	LOG TRX	20000	2000	1000
FUT	X 170	PILE DRIV	100000	4000	500
FUT	X 172 T	TENDER	30000	2000	3000
FUT	X 170 F	FLAT CAR	40000	1000	800
RUT	2777	FLAT CAT	30000	1000	800